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WEIMOB INC.

微盟集團*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2013)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2021

The board of directors (the “**Directors**”) (the “**Board**”) of Weimob Inc. (the “**Company**”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended June 30, 2021 together with the comparative figures for the six months ended June 30, 2020 as follows:

In this announcement, “**we**”, “**us**”, and “**our**” refer to the Company and where the context otherwise requires, the Group.

FINANCIAL PERFORMANCE HIGHLIGHTS

	Six months ended June 30,		Year-on-year
	2021	2020	change
	(Unaudited)	(Unaudited)	
	<i>(RMB in millions, except percentages)</i>		
Revenue	1,383.1	957.1	44.5%
Revenue excluding SaaS			
sabotage event	1,383.1	1,049.9	31.7%
Gross profit	766.3	421.5	81.8%
Gross profit excluding SaaS			
sabotage event	766.3	514.4	49.0%
Operating loss	(194.9)	(23.9)	(716.2%)
Operating (loss)/profit excluding SaaS			
sabotage event	(194.9)	69.0	(382.6%)
Loss before income tax	(601.0)	(557.5)	(7.8%)
Loss for the period	(584.3)	(545.7)	(7.1%)
Non-HKFRS Measures:			
Adjusted EBITDA	(7.7)	114.8	(106.7%)
Adjusted net (loss)/profit	(118.8)	52.3	(327.2%)

RESULTS HIGHLIGHTS FOR THE FIRST HALF OF 2021

In the first half of 2021, under proactive and sound macroeconomic control policies, China's economy has been steadily recovering with the digital economy booming in particular. Under the background of acceleration of enterprise digital transformation, based on our continuous investment in product research and development, accurate grasp of customer needs, and effective market development and customer penetration, the operating income of the Company has been rapidly growing. During the period, to enhance our research and development capabilities and supplement funds for potential investments and mergers and acquisitions, we completed the placement of new shares and the issue of convertible bonds in an aggregate principal amount of approximately US\$600 million. Our Group's three major strategies of "moving up-market (大客化)", "ecosystem build-up (生態化)" and "globalization (國際化)" continued to be deeply implemented, and we have achieved significant results.

In the first half of 2021, our total revenue reached RMB1,383 million, representing an increase of 44.5% as compared with RMB957 million in the first half of 2020, and an increase of 31.7% as compared with the adjusted total revenue for the same period of last year, and the overall adjusted gross margin increased from 49.0% to 55.4%. Revenue from our Digital Commerce business increased rapidly by 107.6% from RMB462 million in the first half of 2020 to RMB959 million, with an increase of 72.8% in the adjusted revenue. Revenue from Subscription Solutions in Digital Commerce increased significantly by 159.2% as compared with the same period of last year, with an increase of 80.3% in the adjusted revenue. Revenue from Smart Retail business was RMB183 million in the first half of 2021, representing a year-on-year increase of 298.3%, and reaching a proportion of 33.4% of revenue from Subscription Solutions. Our revenue from Merchant Solutions also increased rapidly by 63.8% year-on-year. In the first half of 2021, with the implementation of the three major strategies of "moving up-market", "ecosystem build-up" and "globalization", we strengthened investments in research and development and the development of new products. As a result, the adjusted net profit changed to a loss of RMB119 million in the first half of this year from a profit of RMB52 million in the same period of last year. As of June 30, 2021, our cash and cash equivalents reached RMB4,963 million, with abundant cash reserves and a healthy financial structure.

As of June 30, 2021, the number of paying merchants of Subscription Solutions under our Digital Commerce solutions increased by 15.2% to 101,867, and the ARPU increased by 56.5% to RMB5,395; the number of paying merchants of Merchant Solutions increased by 11.7% to 27,484, and the average spend per merchant increased by 24.2% to RMB205,223. The number of advertisers using our Digital Media solutions was 2,229, and the average spend per advertiser was RMB221,837. Through Merchant Solutions under Digital Commerce solutions and Digital Media solutions, we assisted more than 29,700 merchants in total with placement of targeted marketing to attract traffic, with a gross billing of RMB6.13 billion, representing a year-on-year increase of 33.0%.

Through continuous and deep penetration in the digital business field, we have been recognized by the capital market. We were included in the MSCI China All Shares Index in February 2021, and formally included in the Hong Kong Connect (Shanghai) in March 2021. We also won the "Annual Best Regional Commercial Power" award and the "Strategic Pioneer" award by the Channel Partner Summit of Tencent Ads, as well as the "Smart Catering Innovation Solution" award by the 10th China Catering Summit, which reflects the recognition from our industry and partners.

In terms of fulfilling social responsibilities, for the third consecutive year, we participated in the development of a charitable donation Mini Program for the public welfare poverty alleviation project initiated by Shanghai youth volunteers and contributed to poverty alleviation. In addition, we launched Intelligent Party Building Solution, using information platform tool to comprehensively and efficiently support the Party branch building.

We believe that we are currently in the golden era of enterprise digital transformation. We will adhere to the mission of "Helping Digital Transformation of Enterprises", continue to improve our products and services, so that more companies can and continue to benefit from digitalization.

BUSINESS REVIEW

In the first half of 2021, after the public health incident, the necessity and urgency of digital upgrade became the consensus of the industry. The growing demand for digital marketing, digital systems, and digital operation services from corporate customers has driven rapid development of our various businesses.

In terms of Digital Commerce, we helped merchants to realize private domain operations and business growth through products of Subscription Solutions such as Wei Mall, Smart Retail, Smart Catering and Smart Hotel, and provided them with full-chain marketing services in terms of traffic, tools, and operations through Merchant Solutions, thus helping them to achieve digital upgrades. The number of paying merchants and the revenue of Subscription Solutions continued to grow, while the scale and monetization capabilities of paying merchants of Merchant Solutions further improved.

In the social e-commerce segment, on the one hand, we deepened the ecological layout of WeChat and consolidated our leading advantages in the development of WeChat Mini Programs. We realized the connection of Mini Programs with external short links, enabling convenient redirection of short messages, emails, off-WeChat web pages, and Mini Programs; at the same time, we enhanced our investments in WeChat video accounts, and officially connected the Weimob distribution market into the WeChat video account operation matrix, thus helping merchants expand their traffic channels and providing product guarantees for WeChat video account creators. Our smart retail and Wei Mall solutions have allowed the direct redirection to video account live streaming from the Mini Program mall, thus supporting the efficient conversion of traffic for merchants. On the other hand, we also actively expanded the external traffic channels of WeChat, and completed the connection to Douyin Store and Kuaishou Store, thus providing efficient and convenient products and services for the multi-channel operation of merchants. At present, Wei Mall, smart retail and other solutions provide merchants with multiple traffic access channels such as video account, QQ, QQ browser, Douyin, Kuaishou, Baidu, and Alipay, helping customers achieve new growth in private domain. In terms of market expansion, in the first half of 2021, by participating in the “Qianfan Plan (千帆計劃)” of Tencent, we increased our customer base for ecosystem channels. We also increased the proportion of direct selling and continued to expand the coverage over high-quality direct selling cities. We believe that helping customers build decentralized brand direct selling model of DTC (“Direct To Customer” model for brand merchants) contributes to creating differentiated competitive advantages and continuously benefits us.

For the smart retail segment, under the new normal situation arising out of the pandemic, retail companies have been accelerating the construction of digital capabilities. Through scenario-based, digital, social, and intelligent solutions, combined with our targeted marketing, private domain operations and other services, our smart retail products empower our retail customers in their full-chain digital upgrade. In the first half of 2021, the number of new merchants in the smart retail business increased significantly compared with the first half of 2020, with the number and quality of brand merchants continuously increasing. As of June 30, 2021, the number of merchants in the smart retail business reached 4,699, and the revenue generated from the smart retail was RMB183 million, representing an increase of 298.3% from RMB46 million in the first half of 2020, and accounting for 33.4% of the revenue generated from Subscription Solutions. The number of brand merchants reached 830 and the average contract value per merchant of brand merchants reached RMB232,000. Our smart retail business accounts for over 40% of the market among China's top 100 retail companies. Through co-construction and co-creation with leading fashion retail brands, we have accumulated a wealth of industry experience and our presence in the industry is growing. Smart retail is an important growth engine for us in the future. We expect that as our market share in the fashionable shoe and clothing industries increase and our penetration into commercial real estate, commercial supermarket and convenience stores, home building materials, digital appliances, beauty products, infant and mother, and other industries, there is room for further growth of our smart retail business.

For the smart catering segment, as of June 30, 2021, the number of merchants in the catering segment reached 7,297. The revenue generated from the smart catering was RMB28 million, representing an increase of 24.4% from RMB22 million in the first half of 2020, and accounting for 5.0% of the revenue generated from Subscription Solutions. The average contract value per merchant of catering merchants was RMB15,000. We continued to update and optimize our smart catering products. In particular, we upgraded the member stored-value system, enhanced paid membership cards and invoicing stored-value orders, and optimized the dine-in order transaction process, to enhance the experience of catering customers. Meanwhile, we achieved complete data connection with WeCom, so that our catering customers can directly view WeCom data and WeChat customer group data in the backend of Weimob Smart Restaurant. Combined with the customer interaction trend analysis statistics provided by it, the process for merchants to obtain, understand, and analyze data will be convenient and efficient. We are accelerating the adoption by catering enterprises of our smart catering solutions, which integrate "Three-store in One" as the core and "WeCom Operation" as the channel, so as to help catering customers build more efficient and precise private domain operation paths.

In terms of smart hotel and tourism segments, in the first half of 2021, we continued to optimize and upgrade smart hotels and smart tourism solutions. By far, our smart hotel has achieved direct data connection upgrade with many hotels PMS, to automatically synchronize orders with real-time data to improve the overall operational efficiency of hotel orders. In the future, we will also cooperate with more PMS system vendors, and achieve deep integration of multi-dimensional data access and product functions based on membership, marketing, room status, orders, etc., to facilitate the multi-scenario efficient operation capabilities of hotels and promote revenue increase. In the first half of 2021, we and Xiangminiao Technology (向蜜鳥科技) will further exerted synergies. Through the Integrated Marketing and Sales Smart Growth Solution (the “TSO”), we empowered the digital marketing and the layout of private domain traffic ecosystem in the hotel and travel industry, and achieved efficient conversion of traffic and the sustainable growth of hotel private domain traffic. As of June 30, 2021, Xiangminiao Technology has provided comprehensive digital marketing technologies and operational service solutions for more than 600 international and domestic high-end hotels in such regions as South China, East China and Southwest China.

While enriching the capabilities of our existing products, we also launched new products such as ShopExpress and Weimob WeCom Assistant. Among them, ShopExpress, an independent cross-border station product, provides full-chain digital overseas services for Chinese overseas brands; Weimob WeCom Assistant, a private domain operation solution we developed based on WeCom, can help enterprises efficiently operate private domain traffic.

Our Merchant Solutions serve the existing and potential merchants of our Subscription Solutions and provide merchants with integrated solutions that combine traffic, tool and operation, as well as a one-stop closed-loop operation covering user identification, demand matching, creativity and photography, targeted placement, data analysis and post-SaaS link conversion. In the first half of 2021, we further deepened the full-chain layout, through the “horizontal and vertical layout”: horizontally, we deployed diversified traffic channels, and cooperated with multiple traffic parties such as Tencent and ByteDance; and vertically, we extended location scenarios and service scenarios, established multiple branches in many cities across the country, and covered more advertisers through regional penetration. By far, we have covered more than 20 industries including fast-moving consumer goods, e-commerce, catering, wedding dresses, home furnishing, finance, online services and education. In April 2021, we and Tencent Ads jointly launched the “Tengmeng Plan 2.0 (騰盟計劃2.0)” and released “Tengmeng Cube (騰盟魔方)” to empower enterprises to upgrade their full-chain marketing and further improve the efficiency and accuracy of corporate marketing. Through the Merchant Solutions in our Digital Commerce, we provided services for 27,484 paying merchants in the first half of 2021, and the ARPU increased by 46.6% to RMB14,909. In the first half of 2021, the gross billing generated from our targeted marketing services offered to merchants to acquire traffic was RMB5,640 million, representing an increase of 38.7% over the first half of 2020, and the revenue from Merchant Solutions was RMB410 million, representing an increase of 63.8% year-on-year.

In terms of Digital Media, capitalizing on our advantages of media resources and past placement experience, we provide merchants with advertising services with effectiveness commitment. At present, our traffic channels cover WeChat Moments, WeChat official account, QQ and Qzone, Tencent News, Tencent Video, Zhihu, Baidu, TouTiao.com and other various media resources. Our experienced advertising service team and our mobile marketing experience in various industries support our merchants in achieving their marketing goals efficiently. In the first half of 2021, our revenue from Digital Media solutions was RMB424 million, representing a decrease of 14.4% compared with the first half of 2020. Our gross revenue was RMB495 million. We served a total of 2,229 advertisers, with the average spend per advertiser reaching RMB221,837.

In terms of Weimob Cloud Platform, we upgraded Weimob Cloud Platform to provide an open PaaS cloud platform shared internally and externally for customers and partners, and equipped it with commercialized technical services for large and medium sized customers, service market for standard customers, as well as out-of-the-box solutions for industrialization. In order to better support high-quality partners in providing high-value solutions for customers, we launched Weimob Cloud “Mengyue Plan (盟約計劃)”, providing comprehensive resource support including application development technology support, full-process, accurate and exclusive service support, multi-dimensional resource support, sharing of massive business opportunities, and open learning and growth alliance, so as to contribute to the success of our partners. At present, the Weimob Cloud Platform has cooperated with manufacturers such as Heading, Demo, Shuyun, BAISON, Raycloud and Aida. We believe that the PaaS platform of Weimob Cloud will represent our core competitiveness and an important source of revenue in the future, and we will continuously increase our investment in Weimob Cloud Platform, and build a new commercial operating system based on Weimob Cloud Platform, which integrates traffic, data, transactions, users and marketing, so as to provide our customers with a one-stop operation experience.

In the first half of 2021, our core strategies of “moving up-market”, “ecosystem build-up” and “globalization” were steadily advanced.

In terms of moving up-market, we upgraded our key account operation system. As the number of new customers of smart retail, smart catering and other businesses continuously increased, our key account business was successfully carried out, with a continuous increase in the proportion of revenue from key accounts. Revenue from Smart Retail business was RMB183 million in the first half of 2021, accounting for 33.4% of revenue from Subscription Solutions. We have implemented TSO with approximately 30 brand merchants on a pilot basis and have significantly improved the efficiency of their private domain management. We’ve formed industry-specific solutions which target industries such as apparel, beauty and skin care, food, milk powder and complementary foods. In the second half of the year, our business will further expand into home furnishing materials, 3C (computer, communication and consumer electronics) and other industries.

Meanwhile, our strategy of ecosystem build-up was advanced. In terms of traffic ecosystem, we obtained access to platforms such as Douyin, Kuaishou, and initially connected to overseas mainstream media channels, including Google, Facebook, and Twitter. In terms of developer ecosystem, in the first half of 2021, the number of our developers further increased. As of June 30, 2021, our Weimob Cloud Platform had amassed over 550 third-party developers, who have submitted more than 1,500 applications in total. In terms of investment ecosystem, in January 2021, we and V Capital Co., Ltd., Beijing Industrial Development and Investment Fund for High-end, Precision and Sophisticated Industries, and Beijing Sijiqing Agriculture Industry Commerce General Company jointly established Weizhi Shuke Industrial Fund (微智數科產業基金), so as to achieve layout in cloud computing, AI, big data and other frontier fields. In March 2021, Meridian-Weimob Industry Fund (華映微盟產業基金) which we jointly established with Meridian Capital, successfully participated in the A+ round financing of “Mabang Software (馬幫軟件)”, a leading cross-border e-commerce SaaS service provider in China. Investment in Mabang Software enriches our investment arrangements and contributes to the implementation of our international strategy.

In order to accelerate our globalization strategy, we have established a globalization team and officially released ShopExpress, an independent cross-border station product in July 2021 to provide Chinese merchants going overseas with full-chain digital overseas solutions. At present, more than 100 companies have participated in the ShopExpress internal testing. We have also launched the “Sailing & Pilot Program (揚帆領航計劃)” to provide traffic assistance, SaaS station construction and operation assistance services for merchants going overseas, so as to help brands capitalize on the cross-border e-commerce development. Previously, our SaaS products and services have helped introduce thousands of overseas customers into the Chinese market. In the future, we will accelerate the expansion of our network of overseas service providers and international customers and cultivate international performance as a new growth engine.

BUSINESS OUTLOOK

Under the macro background of recovery and growth, and digital transformation of enterprises, “moving up-market”, “ecosystem build-up” and “globalization” remain the long-held core strategies of the Group, and we will accelerate the the construction of the Weimob Cloud Platform and the development of our TSO business.

1. Building an open ecosystem. We will continue to build an open ecosystem, increase investment in Weimob Cloud Platform, and build a new commercial operating system integrating traffic, data, transaction, users and marketing, based on Weimob Cloud Platform. The new commercial operating system will be the digital infrastructure for private domain management of merchants in the future.
2. Increasing the proportion of key account business. We will be deeply engaged in the retail industry. While gaining advantages in the fashionable footwear and clothing industries, we will continue to penetrate commercial real estate, commercial supermarket and convenience stores, home building materials, digital appliances, beauty products, infant and mother, and other industries. Meanwhile, we will horizontally expand our business into key account markets in catering, hotel, tourism, medical and other vertical industries.

3. Upgrading the full-chain management capacity. We will deepen the industrial operation through organizational structure adjustment, provide industry vertical solutions to drive the private domain management of merchants. Meanwhile, through exploration and practice of private domain management, we will accelerate the research and development of operation automation system, so as to improve our operational efficiency.
4. Accelerating international layout. The overseas market is an important source of business growth for us in the future. We will improve and expand our overseas service provider system, strengthen our cooperation with overseas social traffic platforms, and seek international strategic investment, merger and acquisition opportunities, so as to promote our products and services in the international market.
5. Exploring more strategic cooperation opportunities. We will enrich our traffic ecosystem and secure more traffic channels to help our customers achieve omni-channel operation. We will also continue to strengthen strategic investment, mergers and acquisitions, which will not only help us rapidly enter new service fields, but also promote the development of our existing business, thus enabling us to accurately seize the opportunities from digital commerce development.

Through our continuous efforts, we are facing promising prospects. To support the digital transformation and upgrade of enterprises has always been our original vision and mission. We thank our shareholders and investors for supporting the development of Weimob Inc. In the second half of 2021, we will forge ahead and promote the digital transformation of enterprises by providing integrated digital solutions and services for merchants, thus creating greater value for our shareholders and investors.

MANAGEMENT DISCUSSION AND ANALYSIS

Six Months Ended June 30, 2021 Compared to Six Months Ended June 30, 2020

	Six months ended June 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	(RMB' 000)	
Revenue	1,383,080	957,051
Cost of sales	<u>(616,749)</u>	<u>(535,517)</u>
Gross profit	766,331	421,534
Selling and distribution expenses	(815,854)	(386,720)
General and administrative expenses	(314,125)	(84,048)
Net impairment losses on financial assets	(24,781)	(18,095)
Other income	68,037	52,999
Other gains/(losses), net	<u>125,473</u>	<u>(9,551)</u>
Operating loss	(194,919)	(23,881)
Finance costs	(27,995)	(36,996)
Finance income	7,404	1,021
Share of net loss of associates accounted for using the equity method	(84)	(1,956)
Change in fair value of convertible bonds	<u>(385,406)</u>	<u>(495,662)</u>
Loss before income tax	(601,000)	(557,474)
Income tax credit	<u>16,670</u>	<u>11,811</u>
Loss for the period	<u>(584,330)</u>	<u>(545,663)</u>
Loss attributable to:		
– Equity holders of the Company	(557,713)	(543,672)
– Non-controlling interests	<u>(26,617)</u>	<u>(1,991)</u>
	<u>(584,330)</u>	<u>(545,663)</u>

Six months ended June 30,
2021 2020
(Unaudited) **(Unaudited)**
(RMB' 000)

Other comprehensive loss, net of tax

*Items that may be subsequently reclassified to
profit or loss*

Currency translation differences	(10,863)	–
Change in fair value of financial liabilities from own credit risk	(4,864)	–

Total comprehensive loss for the period	(600,057)	(545,663)
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Total comprehensive loss attributable to:

– Equity holders of the Company	(573,440)	(543,672)
– Non-controlling interests	(26,617)	(1,991)

(600,057)	(545,663)
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Loss per share (expressed in RMB per share)

– Basic loss per share	(0.24)	(0.24)
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– Diluted loss per share	(0.24)	(0.24)
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Key Operating Data

The following table sets forth our key operating data for the six months ended/as of June 30, 2021 and 2020.

	Six months ended/as of June 30,	
	2021	2020
Digital Commerce		
<i>Subscription Solutions</i>		
Addition in number of paying merchants	14,776	15,726
Number of paying merchants	101,867	88,463
Attrition rate ⁽¹⁾	11.1 %	10.6 %
Revenue ⁽²⁾ (RMB in millions) excluding SaaS sabotage event	549.6	304.9
	(unaudited)	(unaudited)
ARPU ⁽³⁾ (RMB)	5,395	3,447
<i>Merchant Solutions</i>		
Number of paying merchants	27,484	24,606
Revenue (RMB in millions)	409.8	250.2
	(unaudited)	(unaudited)
ARPU (RMB)	14,909	10,168
Gross billing (RMB in millions)	5,640.4	4,065.4
Digital Media		
Number of advertisers	2,229	1,478
Gross billing (RMB in millions)	494.5	545.5
Average spend per advertiser (RMB)	221,837	369,110
Revenue (RMB in millions)	423.7	494.8
	(unaudited)	(unaudited)
ARPU (RMB)	190,089	334,794

Notes:

- (1) Refers to the number of paying merchants not retained over a period divided by the number of paying merchants as of the end of the previous period.
- (2) Refers to revenue for Subscription Solutions excluding SaaS sabotage event under non-HKFRS measures.
- (3) Refers to the average revenue per paying merchant, which equals revenue of Subscription Solutions excluding SaaS sabotage event for the period divided by the number of paying merchants as of the end of such period.

Key Financial Ratios

	Six months ended June 30,			
	2021	Excluding	2020	Excluding
	Per financial statements %	sabotage event %	Per financial statements %	sabotage event %
Total revenue growth	44.5	31.7	45.7	59.9
– Digital Commerce	107.6	72.8	22.4	47.0
– Digital Media	(14.4)	(14.4)	77.3	77.3
Gross margin ⁽¹⁾	55.4	55.4	44.0	49.0
– Digital Commerce	79.2	79.2	81.4	84.5
– Digital Media	1.5	1.5	9.1	9.1
Adjusted EBITDA margin ⁽²⁾	(0.6)	(0.6)	10.9	10.9
Net margin ⁽³⁾	(42.2)	(42.2)	(57.0)	(57.0)
Adjusted net margin ⁽⁴⁾	(8.6)	(8.6)	5.0	5.0

Notes:

- (1) Equals gross profit divided by revenue for the period and multiplied by 100%.
- (2) Equals adjusted EBITDA divided by revenue excluding SaaS sabotage event for the period and multiplied by 100%. For the reconciliation from operating loss to EBITDA and adjusted EBITDA, see “—Non-HKFRS Measures: Adjusted EBITDA and Adjusted Net (Loss)/Profit” below.
- (3) Equals loss divided by revenue for the period and multiplied by 100%.
- (4) Equals adjusted net (loss)/profit divided by revenue excluding SaaS sabotage event for the period and multiplied by 100%. For the reconciliation from net loss to adjusted net (loss)/profit, see “—Non-HKFRS Measures: Adjusted EBITDA and Adjusted Net (Loss)/Profit” below.

Revenue

Our total revenue increased by 44.5% from RMB957.1 million in the six months ended June 30, 2020 to RMB1,383.1 million in the six months ended June 30, 2021, primarily due to the increases in our revenues generated from our Digital Commerce business. Excluding SaaS sabotage event, our total revenue increased by 31.7%. The following table sets forth a breakdown of our revenue by business segment for the periods indicated.

	Six months ended June 30,				
	2021 (Unaudited)		2020 (Unaudited)		
	(RMB in millions, except percentages)				
	Revenue	%	Revenue per financial statement	Revenue excluding SaaS Sabotage event	%
Revenue					
– Subscription Solutions	549.6	39.7%	212.0	304.9	29.0%
– Merchant Solutions	409.8	29.6%	250.2	250.2	23.8%
Digital Commerce	959.4	69.4%	462.2	555.1	52.9%
Digital Media	423.7	30.6%	494.8	494.8	47.1%
Total	1,383.1	100.0%	957.1	1,049.9	100.0%

Digital Commerce-Subscription Solutions

Subscription Solutions mainly comprise our commerce and marketing SaaS products and ERP solutions including WeiMall (微商城), Smart Retail (智慧零售), Smart Catering (智慧餐飲), Smart Hotel (智慧酒店), Heading ERP (海鼎ERP) and others. Based on our Weimob Cloud and PaaS, we also provide key accounts customization services, and offer applications developed by third-party vendors on the Weimob Cloud Service Market.

Revenue from Subscription Solutions increased by 159.2% from RMB212.0 million in the six months ended June 30, 2020 to RMB549.6 million in the six months ended June 30, 2021. Excluding the impact from SaaS sabotage event in 2020, our Subscription Solutions revenue increased by 80.3% from RMB304.9 million in the six months ended June 30, 2020 to RMB549.6 million in the six months ended June 30, 2021 primarily due to the increased number of paying merchants from 88,463 in the six months ended June 30, 2020 to 101,867 in the six months ended June 30, 2021, and the increased ARPU from RMB3,447 in the six months ended June 30, 2020 to RMB5,395 in the six months ended June 30, 2021.

The following table sets forth a breakdown of the gross billing and revenue by business segment for the periods indicated.

Digital Commerce-Merchant Solutions

	Six months ended June 30,		
	2021	2020	Year-on-year
	(Unaudited)	(Unaudited)	change
Merchant Solutions	<i>(RMB in millions, except percentages)</i>		
Gross billing	5,640.4	4,065.4	38.7%
Revenue	409.8	250.2	63.8%

Merchant Solutions mainly comprise value-added services offered to merchants as part of the integral solutions to meet merchants' online commerce and marketing needs, including mainly targeted marketing services that enable merchants to acquire online customer traffic in various top online advertising platforms, as well as TSO.

Gross billing from our Merchant Solutions increased significantly from RMB4,065.4 million in the six months ended June 30, 2020 to RMB5,640.4 million in the six months ended June 30, 2021, primarily due to the increase in the number of paying merchants from 24,606 in the six months ended June 30, 2020 to 27,484 in the six months ended June 30, 2021, as well as an increase in average spend per paying merchant from RMB165,219 in the six months ended June 30, 2020 to RMB205,223 in the six months ended June 30, 2021.

Revenue from Merchant Solutions represents net rebate earned from advertising platforms by providing services to enable merchants to acquire online customer traffic, commission from targeted marketing operation service as well as fees and commission from TSO service. It increased by 63.8% from RMB250.2 million in the six months ended June 30, 2020 to RMB409.8 million in the six months ended June 30, 2021, as a result of the increase in gross billing and revenue from targeted marketing operation service and TSO service.

Digital Media

Digital Media	Six months ended June 30,		
	2021	2020	Year-on-year
	(Unaudited)	(Unaudited)	change
	(RMB in millions, except percentages)		
Gross billing	494.5	545.5	(9.3%)
Revenue	423.7	494.8	(14.4%)

Digital Media mainly comprises our advertisement placement services offered to certain merchants on a basis of specified results or actions are committed.

Gross billing from our Digital Media decreased from RMB545.5 million in the six months ended June 30, 2020 to RMB494.5 million in the six months ended June 30, 2021, primarily due to the decrease in average spend per advertiser from RMB369,110 in the six months ended June 30, 2020 to RMB221,837 in the six months ended June 30, 2021, while we had an increase in the number of advertisers from 1,478 in the six months ended June 30, 2020 to 2,229 in the six months ended June 30, 2021.

Revenue from Digital Media represents revenue from advertisers for targeted marketing services recognized using gross billing net off taxes and discounts. Since 2020, the management determined to focus more on Digital Commerce business in which targeted marketing service would be provided as part of the holistic digital commerce solution to merchants, therefore the Digital Media business is to support the small batch of advertisers to buy traffic and is not expected to be a strategic focus under the Company's new strategy. It decreased by 14.4% from RMB494.8 million in the six months ended June 30, 2020 to RMB423.7 million in the six months ended June 30, 2021, in line with the decrease in gross billing.

Cost of Sales

The following table sets forth a breakdown of our cost of sales by nature for the periods indicated.

	Six months ended June 30,			
	2021		2020	
	(Unaudited)		(Unaudited)	
	(RMB in millions, except percentages)			
Cost of sales				
Advertising traffic cost for				
Digital Media revenue	418.2	67.8%	446.6	83.4%
Staff costs	25.7	4.2%	20.4	3.8%
Broadband and hardware costs	46.2	7.5%	19.7	3.7%
Operation services costs	54.1	8.8%	11.9	2.2%
Amortization of intangible assets	64.8	10.5%	32.5	6.1%
Taxes and surcharges	7.1	1.1%	3.9	0.7%
Depreciation and amortization	0.6	0.1%	0.5	0.1%
Total	616.7	100.0%	535.5	100.0%

Our cost of sales increased by 15.2% from RMB535.5 million in the six months ended June 30, 2020 to RMB616.7 million in the six months ended June 30, 2021, primarily because (i) our broadband and hardware costs increased from RMB19.7 million in the six months ended June 30, 2020 to RMB46.2 million in the six months ended June 30, 2021, (ii) our amortization of intangible assets increased from RMB32.5 million in the six months ended June 30, 2020 to RMB64.8 million in the six months ended June 30, 2021, both in line with our business growth and the acquisition of Heading, (iii) our operation services costs increased from RMB11.9 million in the six months ended June 30, 2020 to RMB54.1 million in the six months ended June 30, 2021 primarily due to the increase of our targeted marketing operation service cost for the Merchant Solutions, (iv) our advertising traffic cost decreased from RMB446.6 million in the six months ended June 30, 2020 to RMB418.2 million in the six months ended June 30, 2021, in line with the change in our Digital Media business.

The following table sets forth a breakdown of our cost of sales by business segment for the periods indicated.

	Six months ended June 30,			
	2021		2020	
	<i>(Unaudited)</i>		<i>(Unaudited)</i>	
	<i>(RMB in millions, except percentages)</i>			
Cost of sales				
– Subscription Solutions	143.0	23.2%	72.3	13.5%
– Merchant Solutions	56.3	9.1%	13.6	2.5%
Digital Commerce	199.3	32.3%	85.9	16.0%
Digital Media	417.4	67.7%	449.6	84.0%
Total	616.7	100.0%	535.5	100.0%

Digital Commerce-Subscription Solutions

Cost of sales of our Subscription Solutions increased by 97.7% from RMB72.3 million in the six months ended June 30, 2020 to RMB143.0 million in the six months ended June 30, 2021, primarily due to (i) an increase of RMB26.5 million in broadband and hardware cost; (ii) an increase of RMB32.3 million in our amortization of intangible assets relating to our self-developed software for SaaS products in line with our business growth and the acquisition of Heading; (iii) an increase of RMB12.1 million in our staff cost relating to business operation.

Digital Commerce-Merchant Solutions

The cost of sales of our Merchant Solutions increased by 313.8% from RMB13.6 million in the six months ended June 30, 2020 to RMB56.3 million in the six months ended June 30, 2021, primarily due to the increase of RMB40.6 million in operation services costs which was in line with the growth of revenue from targeted marketing operation services.

Digital Media

Cost of sales of our Digital Media which mainly represent cost of traffic purchased decreased by 7.2% from RMB449.6 million in the six months ended June 30, 2020 to RMB417.4 million in the six months ended June 30, 2021.

Gross Profit and Gross Margin

The following table sets forth a breakdown of our gross profit and gross margin by business segment for the periods indicated.

	2021		Six months ended June 30,				
			2020				
	<i>Gross profit</i>	<i>%</i>	<i>Gross Margin</i>	<i>Gross profit per financial statements</i>	<i>Gross profit excluding SaaS sabotage event</i>	<i>%</i>	<i>Gross margin excluding SaaS sabotage event</i>
	<i>(Unaudited)</i>				<i>(Unaudited)</i>		
<i>(RMB in millions, except percentages)</i>							
– Subscription Solutions	406.6	53.1%	74.0%	139.7	232.6	45.2%	76.3%
– Merchant Solutions	353.4	46.1%	86.2%	236.6	236.6	46.0%	94.6%
Digital Commerce	760.0	99.2%	79.2%	376.3	469.2	91.2%	84.5%
Digital Media	6.3	0.8%	1.5%	45.2	45.2	8.8%	9.1%
Total	766.3	100.0%	55.4%	421.5	514.4	100.0%	49.0%

Our overall gross profit increased by 81.8% from RMB421.5 million in the six months ended June 30, 2020 to RMB766.3 million in the six months ended June 30, 2021. Excluding the impact from SaaS sabotage event in 2020, our overall gross profit increased by 49.0% from RMB514.4 million to RMB766.3 million in the respective comparative period.

Our overall gross margin increased from 44.0% in the six months ended June 30, 2020 to 55.4% in the six months ended June 30, 2021. Excluding the impact from SaaS sabotage event in 2020, our gross margin increased from 49.0% to 55.4% in the respective comparative period.

The gross margin of our Subscription Solutions increased from 65.9% in the six months ended June 30, 2020 to 74.0% in the six months ended June 30, 2021. Excluding the impact from the SaaS sabotage event in 2020, the gross margin of Subscription Solutions decreased from 76.3% in the six months ended June 30, 2020 to 74.0% in the six months ended June 30, 2021, primarily due to the comparatively low gross margin of the acquisition of Heading.

The gross margin of our Merchant Solutions decreased from 94.6% in the six months ended June 30, 2020 to 86.2% in the six months ended June 30, 2021 primarily due to the change in revenue mix as, in addition to targeted marketing net rebate revenue which has a high gross margin, targeted marketing operation service and TSO service revenue have relatively lower gross margin.

The gross margin of our Digital Media decreased from 9.1% in the six months ended June 30, 2020 to 1.5% in the six months ended June 30, 2021 primarily due to increased rebates provided to advertisers, which deducts revenue to Digital Media.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 111.0% from RMB386.7 million in the six months ended June 30, 2020 to RMB815.9 million in the six months ended June 30, 2021, primarily due to the following items: (i) increase in staff costs for our sales and marketing personnel from RMB225.8 million in the six months ended June 30, 2020 to RMB456.5 million in the six months ended June 30, 2021 due to ①RMB9.5 million increase in staff cost as a result of the acquisition of Heading, ②RMB90.0 million increase due to annualization effect of our increased sales and marketing staff in the second half of 2020, and ③RMB102.7 million increase in additional operating staff to better support medium to large merchants in their private traffic operation, and to support merchants in connecting and tapping in traffic from various ecosystems; (ii) increase in marketing and promotion expenses from RMB30.5 million in the six months ended June 30, 2020 to RMB173.6 million in the six months ended June 30, 2021, as a result of increased expenditures on brand and targeted marketing via Tencent to enhance brand recognition, support merchant growth, and expand to more verticals and regions in retail market; and (iii) increase in contract acquisition costs from RMB99.5 million in the six months ended June 30, 2020 to RMB127.0 million in the six months ended June 30, 2021, which was in line with our business expansion.

General and Administrative Expenses

Our general and administrative expenses increased by 273.7% from RMB84.0 million in the six months ended June 30, 2020 to RMB314.1 million in the six months ended June 30, 2021, primarily due to (i) the increase in staff cost from RMB62.0 million in the six months ended June 30, 2020 to RMB213.9 million in the six months ended June 30, 2021 as a result of strengthened investments in research and development from second half of 2020 (see below), (ii) the increase in rental and property service expenses, and (iii) the increase in depreciation and amortization, both in line with the increase in staff cost.

Research and Development Expenditure

	Six months ended/as of June 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	<i>(RMB in millions, except percentages)</i>	
Research and Development Expenditure		
Research and development expenditure capitalized in development cost & intangible assets	125.9	64.6
Research and development expenditure in general & administrative expenses	178.1	25.2
Total research and development expenditure	304.0	89.8

Research and development expenditure increased by 238.5% from RMB89.8 million in the six months ended June 30, 2020 to RMB304.0 million in the six months ended June 30, 2021 due to (i) the increase of RMB55.6 million as a result of the acquisition of Heading, (ii) the increase of RMB52.7 million due to annualization effect of our increased R&D staff in the second half of 2020, and (iii) the increase of RMB85.7 million as a result of the increase in number of R&D staff in the first half of 2021. The increase in R&D headcount in 2021 was mainly for the following purposes: ①to develop and enhance the industry vertical solutions to better serve medium to large merchants and meet their demand for sophisticated and enriched functionalities, ②to build up and upgrade Weimob Cloud, our PaaS solution for the purpose of building up our ecosystem, and ③to develop product and solutions for globalization strategy.

Net Impairment Losses on Financial Assets

We had net impairment losses on financial assets of RMB24.8 million in the six months ended June 30, 2021, primarily as a result of the general provision for credit loss from our trade receivables, notes receivables, other receivables and financial assets measured at fair value through other comprehensive income.

Other Income

Our other income increased significantly from RMB53.0 million in the six months ended June 30, 2020 to RMB68.0 million in the six months ended June 30, 2021, primarily due to an increase of RMB5.7 million in government grants provided to us in the form of VAT refunds and an increase of RMB10.9 million in input VAT super deduction.

Other Gains/(Losses), net

Our other net gains increased from a loss of RMB9.6 million in the six months ended June 30, 2020 to a gain of RMB125.5 million in the six months ended June 30, 2021, mainly due to other gain of RMB77.3 million in fair value change of our investments, a decrease in other losses of RMB9.8 million as there was pandemic donation incurred in the comparative period and an increase in other gains related to foreign exchange gain of RMB56.0 million.

Operating Loss

As a result of the foregoing, our operating loss increased from RMB23.9 million in the six months ended June 30, 2020 to RMB194.9 million in the six months ended June 30, 2021.

Finance Costs

Our finance costs decreased from RMB37.0 million in the six months ended June 30, 2020 to RMB28.0 million in the six months ended June 30, 2021, primarily due to a decrease of RMB23.8 million in issuance cost for 2020 convertible bonds offering netting off an increase of RMB14.8 million in interest expenses.

Finance Income

Our finance income increased significantly from RMB1.0 million in the six months ended June 30, 2020 to RMB7.4 million in the six months ended June 30, 2021, primarily due to an increased interest income on our bank deposits as a result of an increase in the average balance of our bank deposits in 2021.

Share of Net Loss of Associates Accounted for Using the Equity Method

We recorded share of net loss of associates accounted for using the equity method of RMB0.1 million as of June 30, 2021, which represented our share of loss from our contractual funds.

Change in Fair Value of Convertible Bonds

We recorded a loss of RMB385.4 million in change in fair value of convertible bonds as of June 30, 2021 due to the change in fair value and an income of RMB21.2 million as a result of change in foreign exchange rate, which basically reflected the appreciation in value of the convertible bonds.

Income Tax Credit

We recorded income tax credit of RMB16.7 million in the six months ended June 30, 2021, primarily due to the increase in the recognition of tax losses resulting from the increased loss in our subsidiaries in PRC.

Loss for the Period

As a result of the foregoing, we recorded a loss of RMB584.3 million in the six months ended June 30, 2021 while we recorded a loss of RMB545.7 million in the six months ended June 30, 2020.

Non-HKFRS Measures: Adjusted Revenue, Adjusted EBITDA and Adjusted Net (Loss)/Profit

To supplement our condensed consolidated financial statements, which are presented in accordance with HKFRS, we also use adjusted revenue, adjusted EBITDA and adjusted net (loss)/profit as additional financial measures, which are not required by, or presented in accordance with, HKFRS. We believe these non-HKFRS measures facilitate comparisons of operating performance from period to period and company to company by eliminating potential impacts of items which our management considers non-indicative of our operating performance. We believe these measures provide useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as they help our management.

However, our presentation of adjusted EBITDA and adjusted net (loss)/profit may not be comparable to similarly titled measures presented by other companies. The use of these non-HKFRS measures has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for an analysis of, our results of operations or financial condition as reported under HKFRS.

The following tables reconcile our adjusted revenue, adjusted EBITDA and adjusted net (loss)/profit for the periods presented to the most directly comparable financial measures calculated and presented in accordance with HKFRS, which are operating loss for the period and net loss for the period:

	Six months ended June 30,	
	2021	2020
	<i>(RMB in millions)</i>	
Adjusted revenue		
Reconciliation of Subscription Solutions revenue per financial statements to adjusted SaaS revenue:		
Subscription Solutions revenue per financial statements	549.6	212.0
Add:		
Compensation for SaaS sabotage event	<u>–</u>	<u>92.9</u>
Adjusted SaaS revenue	<u>549.6</u>	<u>304.9</u>
Adjusted EBITDA		
Reconciliation of operating loss to EBITDA and adjusted EBITDA:		
Operating loss for the period:	(194.9)	(47.6)
Add:		
Depreciation	32.5	15.6
Amortization	<u>76.1</u>	<u>32.7</u>
EBITDA	(86.3)	0.7
Add:		
Share-based compensation	70.9	1.8
Financing and other one-off expenses ⁽¹⁾	7.7	25.4
Compensation due to SaaS sabotage event	<u>–</u>	<u>86.9</u>
Adjusted EBITDA	<u>(7.7)</u>	<u>114.8</u>
Adjusted net loss		
Reconciliation of net loss to adjusted net (loss)/profit:		
Net loss for the period	(584.3)	(545.7)
Add:		
Share-based compensation	70.9	1.8
Financing and other one-off expenses ⁽¹⁾	7.7	25.4
Compensation due to SaaS sabotage event	–	86.9
Change in fair value of convertible bonds	385.4	495.7
Amortisation of intangible assets ⁽²⁾	18.2	–
Tax effects	<u>(16.7)</u>	<u>(11.8)</u>
Adjusted net (loss)/profit	<u>(118.8)</u>	<u>52.3</u>

Notes:

- (1) Refers to one-off expenses related to issuance of convertible bonds in the six months ended June 30, 2020 and 2021 and SaaS sabotage event in the six months ended June 30, 2020.
- (2) Refers to amortisation resulting from acquisition. This includes amortisation of intangible assets from cost of sales RMB7.2 million and from selling and distribution expenses of RMB11 million.

Liquidity and Financial Resources

We fund our cash requirements principally from proceeds from our business operations, bank borrowings, other debt financing and shareholder equity contribution. As of June 30, 2021, we had cash and cash equivalents of RMB4,963.0 million.

The following table sets forth our gearing ratios as of June 30, 2021 and June 30, 2020, respectively.

	As of six months ended June 30,	
	2021	2020
	(unaudited)	(unaudited)
	RMB' 000	
Net (cash)/debt	(175,487)	737,345
Total equity	2,997,594	1,252,490
Total capital	N/A	1,989,835
Net debt to equity ratio	N/A	37%

As of June 30, 2021, we had bank loan of approximately RMB525.0 million. The table below sets forth our main long-term and short-term bank loans:

Bank	Loan Balance	Loan Period	Interest Rate
			<i>(per annum unless otherwise stated)</i>
	<i>(RMB)</i>		
Long-term bank loan			
SPD Silicon Valley Bank	32,000,000.00	2 years	5.00%
Short-term bank loans			
Bank of Shanghai	50,000,000.00	1 year	4.80%
Bank of Shanghai	50,000,000.00	1 year	4.79%
Bank of Shanghai	150,000,000.00	0.5 year	4.80%
Shanghai Rural Commercial Bank	100,000,000.00	1 year	4.58%
SPD Silicon Valley Bank	80,000,000.00	1 year	5.00%
The HongKong and Shanghai Banking Corporation Limited	30,000,000.00	3 months	4.60%
The HongKong and Shanghai Banking Corporation Limited	33,000,000.00	3 months	4.50%

Capital Expenditures

Our capital expenditures primarily consist of expenditures for (i) fixed assets, comprising computer equipment, office furniture, vehicles and renovation of rental offices, and (ii) intangible assets, including our trademark, acquired software license, and self-developed software.

The following table sets forth our capital expenditures for the periods indicated:

	Six months ended June 30,	
	2021	2020
	<i>(RMB in millions)</i>	
Fixed assets	22.7	3.4
Intangible assets	126.1	64.6
Total	<u>148.8</u>	<u>68.0</u>

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures and Future Plans for Material Investments or Capital Assets

There were no significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the six months ended June 30, 2021. Apart from those disclosed in this announcement, there were no material investments or additions of capital assets authorised by the Board as at the date of this announcement.

Pledge of Assets

As of June 30, 2021, we did not pledge any of our assets.

Foreign Exchange Risk Management

We mainly carry out our operations in the PRC with most transactions settled in Renminbi, and we are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar and the Hong Kong dollar. Therefore, foreign exchange risk primarily arose from our recognized assets and liabilities when receiving or to receive foreign currencies from, or paying or to pay foreign currencies to, overseas business partners. In the six months ended June 30, 2021, we did not adopt any long-term contracts, currency borrowings or other means to hedge our foreign currency exposure.

Contingent Liabilities

As of June 30, 2021, we did not have any material contingent liabilities.

Employees

As of June 30, 2021, we had 7,534 full-time employees, the majority of whom are based in Shanghai, China.

Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses, and other incentives.

As required under PRC regulations, we participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans.

As a matter of policy, we provide a robust training program for new employees that we hire. We also provide regular and specialized trainings both online and offline, tailored to the needs of our employees in different departments. In addition, we provide training curriculums tailored to new employees, current employees and management members based on their roles and skill levels, through our training centre, Weimob University.

We have granted and planned to continue to grant share-based incentive awards to our employees in the future to incentivize their contributions to our growth and development.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2021

		Six months ended June 30,	
	Note	2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	4	1,383,080	957,051
Cost of sales	5	<u>(616,749)</u>	<u>(535,517)</u>
Gross profit		766,331	421,534
Selling and distribution expenses	5	(815,854)	(386,720)
General and administrative expenses	5	(314,125)	(84,048)
Net impairment losses on financial assets	13, 14	(24,781)	(18,095)
Other income	6	68,037	52,999
Other gains/(losses), net	7	<u>125,473</u>	<u>(9,551)</u>
Operating loss		(194,919)	(23,881)
Finance costs	8	(27,995)	(36,996)
Finance income	9	7,404	1,021
Share of net loss of associates accounted for using the equity method		(84)	(1,956)
Change in fair value of convertible bonds		<u>(385,406)</u>	<u>(495,662)</u>
Loss before income tax		(601,000)	(557,474)
Income tax credit	10	<u>16,670</u>	<u>11,811</u>
Loss for the period		<u>(584,330)</u>	<u>(545,663)</u>
Loss attributable to:			
– Equity holders of the Company		(557,713)	(543,672)
– Non-controlling interests		<u>(26,617)</u>	<u>(1,991)</u>
		<u>(584,330)</u>	<u>(545,663)</u>

		Six months ended June 30,	
	<i>Note</i>	2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Other comprehensive loss, net of tax			
<i>Items that may be subsequently reclassified to profit or loss</i>			
Currency translation differences		(10,863)	—
Change in fair value of financial liabilities from own credit risk		(4,864)	—
Total comprehensive loss for the period		(600,057)	(545,663)
Total comprehensive loss attributable to:			
– Equity holders of the Company		(573,440)	(543,672)
– Non-controlling interests		(26,617)	(1,991)
		(600,057)	(545,663)
Loss per share (expressed in RMB per share)			
– Basic loss per share	12(a)	(0.24)	(0.24)
– Diluted loss per share	12(b)	(0.24)	(0.24)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2021

	Note	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		76,905	63,645
Right-of-use assets		183,626	114,229
Investment properties		32,401	32,401
Intangible assets		1,052,790	1,015,779
Development costs		101,229	38,701
Deferred income tax assets		55,480	44,370
Contract acquisition cost		44,487	40,841
Investments accounted for using the equity method		46,949	47,033
Financial assets at fair value through profit or loss		510,484	215,094
Prepayments, deposits and other assets	13	10,852	4,087
Other non-current assets		—	17,000
Total non-current assets		2,115,203	1,633,180
Current assets			
Trade and notes receivables	14	289,229	239,478
Contract acquisition cost		108,309	156,746
Prepayments, deposits and other assets	13	1,973,804	1,758,204
Financial assets at fair value through profit or loss		142,823	182,328
Financial assets at fair value through other comprehensive income		69,935	44,834
Derivative financial instruments		—	15,468
Restricted cash		3,816	—
Cash and cash equivalents		4,963,027	1,823,976
Total current assets		7,550,943	4,221,034
Total assets		9,666,146	5,854,214
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		1,641	1,529
Shares held for RSU Scheme		(6,121)	(15,819)
Share premium		6,175,420	4,278,775
Equity component of convertible bonds		366,482	—
Other reserves		(1,062,208)	(1,106,251)
Accumulated losses		(2,667,930)	(2,110,217)
		2,807,284	1,048,017
Non-controlling interests		190,310	204,473
Total equity		2,997,594	1,252,490

	<i>Note</i>	As at June 30, 2021 <i>RMB'000</i> <i>(Unaudited)</i>	As at December 31, 2020 <i>RMB'000</i> <i>(Audited)</i>
LIABILITIES			
Non-current liabilities			
Bank borrowings		32,000	40,000
Financial liabilities measured at fair value through profit or loss		2,552,982	1,947,553
Financial liabilities measured at amortised cost		1,537,242	–
Lease liabilities		116,761	71,260
Contract liabilities		106,391	105,098
Deferred income tax liabilities		62,909	67,188
Other non-current liabilities		3,506	600
Total non-current liabilities		4,411,791	2,231,699
Current liabilities			
Bank borrowings		493,000	425,050
Lease liabilities		55,506	31,093
Trade and other payables	<i>15</i>	1,370,571	1,490,440
Contract liabilities		337,669	376,256
Current income tax liabilities		15	821
Financial liabilities measured at fair value through profit or loss		–	46,365
Total current liabilities		2,256,761	2,370,025
Total liabilities		6,668,552	4,601,724
Total equity and liabilities		9,666,146	5,854,214

For the six months ended June 30, 2021

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2020

	Attributable to equity holders of the Company						
	Share capital RMB '000	Share premium RMB '000	Treasury shares RMB '000	Shares held for RSU scheme RMB '000	Other reserves RMB '000	Accumulated losses RMB '000	Sub-total RMB '000
						Non-controlling interests RMB '000	Total RMB '000
(Unaudited)							
As at January 1, 2020	1,531	4,171,056	(63,143)	(38,582)	(1,127,164)	(953,595)	1,990,103
						(295)	1,989,808
Comprehensive loss							
Loss for the period	-	-	-	-	-	(543,672)	(543,663)
						(1,991)	(545,663)
Total comprehensive loss for the period	-	-	-	-	-	(543,672)	(543,663)
						(1,991)	(545,663)
Transaction with owners							
Cancellation of buy-back shares	(14)	(63,129)	63,143	-	-	-	-
Transfer of vested RSUs	-	-	-	16,747	(16,747)	-	-
Share-based compensation expenses for employees	-	-	-	-	1,438	-	1,790
Transaction with non-controlling interests	-	-	-	-	74	-	-
Non-controlling interests on acquisition of a subsidiary	-	-	-	-	-	3,443	3,443
Transactions with owners in their capacity for the period	(14)	(63,129)	63,143	16,747	(15,235)	-	5,233
						3,721	5,233
As at June 30, 2020	1,517	4,107,927	-	(21,835)	(1,142,399)	(1,497,267)	1,449,378

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2021

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows used in operating activities		
Cash used in operations	(472,719)	(131,683)
Interest received	7,404	1,021
Interest paid	(32,591)	(10,761)
Income tax paid	(556)	(1,792)
Net cash used in operating activities	(498,462)	(143,215)
Cash flows from investing activities		
Receipt from term deposits	–	393,000
Purchase of investments measured at fair value through profit or loss (current and non-current portion)	(258,300)	(34,000)
Proceeds from disposal of investments measured at fair value through profit or loss	92,866	–
Interest received from term deposits and loan to third parties	279	5,809
Payment to invest in associates	–	(4,000)
Proceeds from disposals of investments in an associate	321	–
Payment for acquisition of subsidiaries, net of cash acquired	(6,640)	(1,180)
Purchase of property, plant and equipment	(24,560)	(3,428)
Proceeds from disposal of property, plant and equipment	1,349	5
Purchase of intangible assets	(135)	–
Payment for development costs	(126,524)	(76,592)
Loan to third parties	–	(6,000)
Loan to related parties	(40,619)	(4,000)
Repayment from a related party	4,000	–
Repayment from third parties	–	15,000
Net cash (used in)/generated from investing activities	(357,963)	284,614
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	1,916,694	–
Transaction costs of share issuance	(19,950)	–
Proceeds from issuance of convertible bonds	1,929,930	1,064,040
Issuance costs of convertible bonds	(40,297)	(20,674)
Proceeds from bank borrowings	543,000	365,000
Repayments of bank borrowings	(483,050)	(275,053)
Borrowing from third parties	241,500	2,500
Settlement of financial liabilities measured at FVPL	(49,721)	–
Principal elements of lease payments	(23,617)	(9,020)
Acquisition of equity interests from non-controlling interests	–	(3,080)
Capital injection from non-controlling interests	7,000	–
Net cash generated from financing activities	4,021,489	1,123,713
Net increase in cash and cash equivalents	3,165,064	1,265,112
Effect on exchange rate difference	(26,013)	12,674
Cash and cash equivalents at beginning of the period	1,823,976	870,328
Cash and cash equivalents at end of the period	4,963,027	2,148,114

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

Weimob Inc. (the “Company”) was incorporated in the Cayman Islands on January 30, 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is P. O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries, including structured entities (collectively, the “Group”) are principally engaged in providing leading digital commerce and media services for merchants in the People’s Republic of China (the “PRC”). The Group offers digital commerce services to merchants including software as a service (“SaaS”) products offering, customised software development, software related services, online marketing support services and in-depth operation and marketing services etc. The Group also offer digital media services by providing advertisement placement service.

The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited since January 15, 2019 (the “Listing”).

The condensed consolidated interim financial information comprises the condensed consolidated statement of financial position as at June 30, 2021, the related condensed consolidated statement of comprehensive loss for the six-month period then ended, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes (the “Interim Financial Information”). The Interim Financial Information is presented in Renminbi (“RMB”), unless otherwise stated.

The Interim Financial Information has been approved for issue by the Board of Directors on August 16, 2021.

2 BASIS OF PREPARATION

The Interim Financial Information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Accounting Standards Board and should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), as set out in the 2020 annual report of the Company dated March 17, 2021 (the “2020 Financial Statements”).

Significant accounting policies

The accounting policies applied are consistent with those used in the 2020 Financial Statements, as described in those annual financial statements, except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period, which did not have any impact on the Group’s accounting policies and did not require retrospective adjustments.

New standards and amendments to standards that have been issued but not effective

A number of new standards and amendments to standards have not come into effect for the financial year beginning January 1, 2021 and have not been early adopted by the Group in preparing the condensed consolidated financial statements. None of these is expected to have a significant effect on the condensed consolidated financial statements of the Group.

3 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in the provision of SaaS products and targeted marketing services in the PRC. The executive directors of the Company used to review the operating results of SaaS products and targeted marketing service separately, based on which the Group assessed performance and allocated resources. Therefore, the Group had the following two reporting segments: (i) SaaS products; and (ii) targeted marketing services for the six months ended June 30, 2020.

Since late 2020, the Group restructured its operating segments and enhanced its service offering by providing integrated products of SaaS and targeting marketing services, in order to better empower digital transformation for merchants through offering diverse business solution. The Group re-organized its operation to three segments, including “Subscription solutions” and “Merchant solutions” as the core, and “Digital media” as the supplement, both in the internal reports to CODM and in the consolidated financial statements of the Group. “Subscription solutions” mainly comprise the Group’s standard cloud-hosted SaaS products, customised software and other software related services. “Merchant solutions” mainly comprise value-added services offered to merchants as part of the holistic solutions to meet merchants’ online digital commerce and marketing needs, including assisting merchants to purchase online advertising traffic in various media platforms and providing in-depth operation and marketing services. “Digital media” mainly comprise advertisement placement services offered to certain merchants in which specified results or actions are committed. The comparative figures in the condensed consolidated income statement and the notes have been restated to conform with the new presentation. The Board believes that the above changes in segment information better reflect the resource allocation and future business development of the Group.

The CODM assesses the performance of the operating segments mainly based on segment revenues and segment gross profit. The revenues from external customers reported to CODM are measured as segment revenues, which are the revenues derived from the customers in each segment. The segment gross profit is calculated as segment revenue minus segment cost of sales. Cost of sales for subscription solutions segment primarily comprised of employee benefit expenses and other direct services costs. Cost of sales for merchant solutions primarily comprised of employee benefit expenses and traffic purchase cost. Cost of sales for Digital media segment primarily comprised of traffic purchase cost.

As at June 30, 2021 and December 31, 2020, substantial majority of the non-current assets of the Group were located in the PRC. Therefore, no geographical segments are presented.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in the condensed consolidated financial statements. There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

	Subscription solutions <i>(Note a)</i> RMB'000	Merchant solutions RMB'000	Digital media RMB'000	Total RMB'000
(Unaudited)				
Six months ended June 30, 2021				
Segment revenue	549,617	409,755	423,708	1,383,080
Segment cost of sales	(142,987)	(56,374)	(417,388)	(616,749)
Gross profit	406,630	353,381	6,320	766,331
(Unaudited)				
Six months ended June 30, 2020 (restated)				
Segment revenue (Note a)	212,026	250,200	494,825	957,051
Segment cost of sales	(72,332)	(13,625)	(449,560)	(535,517)
Gross profit	139,694	236,575	45,265	421,534

Note a: A deduction of approximately RMB92,865,000 has been reflected in SaaS products revenue due to SaaS sabotage event for the six months ended June 30, 2020.

4 REVENUE

Revenue mainly comprises of proceeds from providing subscription solutions, merchants solutions and digital media services. An analysis of the Group's revenue by category for the six months ended June 30, 2020 and 2021 was as follows:

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Digital commerce		
– Subscription solutions		
Revenue before deducting compensation for SaaS sabotage event	549,617	304,891
Less: compensation deducted from revenue due to SaaS sabotage event	–	(92,865)
– Merchant solutions	409,755	250,200
	959,372	462,226
Digital media	423,708	494,825
Total revenue	1,383,080	957,051

5 EXPENSES BY NATURE

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Employee benefits expenses	736,061	308,161
Advertising traffic cost for digital media	418,200	446,648
Promotion and advertising expenses including amortisation of contract acquisition cost ^(a)	300,638	129,929
Depreciation and amortisation	84,454	36,931
Outsourced service fee	54,178	11,898
Server and SMS charges related to subscription solutions revenue	46,221	20,225
Utilities and office expenses	32,228	18,351
Depreciation of right-of-use assets	24,134	11,402
Travelling and entertainment expenses	19,625	8,064
Taxes and surcharges	7,075	3,880
Other consulting fees	7,253	7,353
Auditors' remuneration	2,407	2,000
Others	14,254	1,443
	1,746,728	1,006,285

- (a) Promotion and advertising expenses for the six months ended June 30, 2020 and 2021 mainly consists of i) RMB99,466,000 and RMB126,282,000 amortisations expenses of contract acquisition cost; and ii) RMB29,924,000 and RMB155,494,000 advertising expenses which were mainly paid and payable to Beijing Tencent Culture Media Company Limited.

6 OTHER INCOME

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Super deduction of input VAT	45,892	35,013
Government grants ⁽ⁱ⁾	20,702	15,018
Interest income from term deposits and loan to related and third parties	1,443	2,968
	68,037	52,999

- (i) Government grants mainly represent VAT refund entitlement.

7 OTHER GAINS/(LOSSES), NET

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Foreign exchange gain, net	57,861	1,827
Fair value change of non-current financial assets measured at FVPL	71,590	–
Fair value change of listed equity security investment	11,081	(1,881)
Gains from disposal of short-term investments measured at FVPL	1,167	–
Fair value change of short-term investment measured at FVPL	613	–
Donation	(186)	(10,000)
Fair value change of non-current financial liabilities measured at FVPL	(7,822)	–
Losses on disposals of financial assets measured at FVOCI	(7,915)	–
Expenses related to SaaS sabotage event	–	(659)
Realised gain from transfer equity interest of		
Shanghai Mengyou Network Technology Co., Ltd (“Mengyou”) to		
Shanghai Syoo Network Technology Co., Ltd. (“Syoo”)	–	2,000
Others, net	(916)	(838)
	<u>125,473</u>	<u>(9,551)</u>

8 FINANCE COSTS

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest expenses on borrowings	15,026	9,459
Interest expenses on liability of component of 2021 convertible bonds	7,745	–
Interest expenses on lease liabilities	5,224	1,410
Interest expenses on factoring	–	2,373
Issuance cost for 2020 convertible bonds offering	–	23,754
	<u>27,995</u>	<u>36,996</u>

9 FINANCE INCOME

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Interest income on bank deposits held for cash management purpose	<u>7,404</u>	<u>1,021</u>

10 TAXATION

(a) Value added tax

The Group is principally subject to 6% and 13% VAT, and surcharges on VAT payments according to PRC tax law. The Group enjoyed Super Deduction of input VAT since April 2019.

(b) Income tax

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(i) Cayman Islands Income Tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(ii) Hong Kong Profits Tax

No provision for Hong Kong profits tax was made as the Group did not have any assessable income subject to Hong Kong profits tax for the six months ended June 30, 2021.

(iii) PRC Enterprise Income Tax

Income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the period, based on the existing legislation, interpretations and practices in respect thereof. The general corporate income tax rate in the PRC is 25%. Certain subsidiaries of the Group in the PRC including Shanghai Weimob Enterprise Development Co., Ltd. (“Weimob Development”) and Shanghai Heading Information Engineering Co., Ltd. (“Heading”) and Shanghai Heading Information Technology Co., Ltd. (“Heading Technology”) are qualified as “high and new technology enterprises” and they were subject to a preferential income tax rate of 15% from 2020 to 2023.

(iv) PRC withholding Tax

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after January 1, 2008 are generally subject to a 10% withholding income tax. If a foreign investor incorporated in Hong Kong meets the conditions and requirements under the double taxation treaty arrangement entered into between the PRC and Hong Kong, the relevant withholding tax rate will be reduced from 10% to 5%. There is no provision of withholding tax made for the six months ended June 30, 2020 and 2021 as majority of subsidiaries incorporated in the PRC have accumulated losses as at 30 June 2020 and 2021.

	Six months ended June 30,	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax	(250)	68
Deferred income tax	(16,420)	(11,879)
Income tax credit	(16,670)	(11,811)

11 DIVIDENDS

No dividends have been paid or declared by the Company for the six months ended June 30, 2020 and 2021.

12 LOSS PER SHARE

(a) Basic

Basic loss per share for the six months ended June 30, 2020 and 2021 are calculated by dividing the loss attribute to the Company's equity holders by the weighted average number of ordinary shares excluding those restricted ordinary shares not granted or vested during the respective periods.

	Six months ended June 30,	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Net loss attributable to the equity holders of the Company (RMB'000)	(557,713)	(543,672)
Weighted average numbers of ordinary shares in issue	<u>2,277,432,865</u>	<u>2,222,390,024</u>
Basic loss per share (expressed in RMB per share)	<u>(0.24)</u>	<u>(0.24)</u>

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the six months ended June 30, 2020 and 2021, convertible bonds issued by the Company and restricted shares units ("RSUs") granted to employees are considered to be potential ordinary shares. As the Group incurred losses for the six months ended June 30, 2020 and 2021, the dilutive potential ordinary shares of convertible bonds and RSUs were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended June 30, 2020 and 2021 was the same as basic loss per share of the respective period.

13 PREPAYMENTS, DEPOSITS AND OTHER ASSETS

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Non-current		
Other loan receivables due from a related party	5,619	–
Deposits – third parties	5,233	4,087
	10,852	4,087
Other receivables in relation to prepayment on behalf of advertisers – third parties	1,186,757	912,740
Prepayments for purchasing advertising traffic	566,235	665,183
Other loan receivables due from related parties	48,338	25,102
Recoverable value-added tax	52,701	36,142
Contract fulfilment cost	32,107	14,124
Receivables in relation to value-added tax refund (Note 6)	29,544	21,788
Prepayments to other vendors	21,586	12,390
Deposits – third parties	28,566	22,155
Other receivables in relation to prepayment on behalf of advertisers – a related party	7,469	–
Prepayments for contract operation service costs	7,422	8,084
Prepayment to related parties	5,998	2,060
Prepayments for rent and property management fee	4,905	4,401
Prepayments for purchasing advertising services	3,996	2,225
Other loan receivables due from third parties	3,050	8,858
Other receivable related to SaaS sabotage event bore by executive directors	–	26,937
Others	11,280	4,731
Less : Provision for impairment of other receivables	(36,150)	(8,716)
	1,973,804	1,758,204

14 TRADE AND NOTES RECEIVABLES

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Trade receivables due from third parties	216,170	231,092
Trade receivables due from related parties	17,624	12,290
Notes receivables	58,749	2,508
Less: Provision for impairment of trade and notes receivables	(3,314)	(6,412)
	289,229	239,478

The Group usually allows a credit period of 30 to 90 days to its customers. Aging analysis of trade and notes receivables (net of allowance for doubtful debts) based on recognition date is as follows:

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
0 – 90 days	269,036	225,132
90 – 180 days	7,797	6,660
over 180 days	12,396	7,686
	289,229	239,478

As at June 30, 2021 and December 31, 2020, the carrying amounts of trade and notes receivables were primarily denominated in RMB and approximated their fair values at each of the reporting dates.

The Group has applied the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of trade and notes receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rate is updated and changes in the forward-looking estimates are analysed.

15 TRADE AND OTHER PAYABLES

	As at June 30, 2021 RMB'000 (Unaudited)	As at December 31, 2020 RMB'000 (Audited)
Advance from advertisers – third parties	408,844	507,941
Trade payables for purchasing advertising traffic ⁽ⁱ⁾	303,468	322,023
Payable related to investments	265,622	279,093
Payroll and welfare payables	260,514	239,278
Other taxes payable	62,107	64,354
Amount due to related parties	12,370	11,911
Deposits	10,859	6,869
Payable related to factoring cost	6,322	4,500
Auditors' remuneration accrual	3,275	4,342
Payable related to purchase non-controlling interests (current portion)	1,741	1,741
Payment received from end customers through e-commerce platform on behalf of merchants	–	9,678
Other payable and accruals	35,449	38,710
	1,370,571	1,490,440

(i) As at December 31, 2020 and June 30, 2021, the aging of the trade payables are all within 3 months.

16 SUBSEQUENT EVENT

On July 6, 2021, the Group proposed an offer for conversion of the outstanding 2020 convertible bonds (“Proposed Conversion Offer”). Pursuant to the Proposed Conversion Offer, if the 2020 convertible bonds holders submitted the conversion notices prior to July 6, 2021 or after July 6, 2021 but prior to July 9, 2021, the Group would grant a cash incentive of US\$54 (“Early Cash Incentive”) and US\$40 (“Cash Incentive”), respectively for each US\$1,000 principle amount of 2020 convertible bonds converted. The 2020 convertible bonds holders who choose not to participate in the Proposed Conversion Offer will continue with all the original terms and conditions of the 2020 convertible bonds. The Proposed Conversion Offer was closed on July 9, 2021.

On 14 July 2021, the Group completed the delivery of 136,006,063 conversion shares in respect of the 2020 convertible bonds in an aggregate principal amount of US\$117,900,000 for which it received conversion notices, representing 78.6% of the aggregate principal amount of the 2020 convertible bonds originally issued. On 16 July 2021, the Group completed the payment of the Early Cash Incentive and the Cash Incentive to the relevant 2020 convertible bonds holders of US\$6,349,800 in total.

ISSUE OF THE 2021 CONVERTIBLE BONDS

Reference is made to the announcements of the Company dated May 25, 2021 and June 7, 2021, respectively. On June 7, 2021, Weimob Investment Limited (the “**Bond Issuer**”), a wholly owned subsidiary of the Company, completed the issue of convertible bonds (the “**2021 Convertible Bonds**”) in an aggregate principal amount of US\$300,000,000 with the guarantee provided by the Company. The last closing share price of the shares of the Company as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on the trading day on which the subscription agreement was signed (i.e. May 24, 2021) was HK\$16.06 per share, and the initial conversion price is HK\$21.00 per share. Based on such initial conversion price and assuming full conversion of the 2021 Convertible Bonds at the initial conversion price, the 2021 Convertible Bonds will be convertible into a maximum of 110,914,285 new shares. The gross proceeds from the issue of the 2021 Convertible Bonds were US\$300 million. The net proceeds from the issue of the 2021 Convertible Bonds were approximately US\$293.6 million. For more information on the use of such net proceeds, see “Use of Proceeds from Top-up Placing, Issue of the 2020 Convertible Bonds, Placing and Issue of the 2021 Convertible Bonds” below. Based on such net proceeds and assuming the full conversion of the 2021 Convertible Bonds, the net price per new share will be approximately HK\$20.57.

The 2021 Convertible Bonds have been offered and sold to no less than six independent placees (who are independent individual, corporate and/or institutional investors). The 2021 Convertible Bonds were listed on the Stock Exchange on June 8, 2021. In light of the continued digitalisation transformation of businesses in China and given the current macroeconomic situation, the Company believes that the issue of the 2021 Convertible Bonds provides additional capital to (i) continuously improve and deepen the Company’s SaaS technology, thus maintaining its market leading position and (ii) comprehensively optimise and enhance its targeted marketing system to strengthen its leadership in smart retail. The Directors consider the issue of the 2021 Convertible Bonds is an appropriate means of raising additional capital since (i) it can provide the Company with additional funds at lower funding cost for the said purposes; (ii) it will not have an immediate dilution effect on the shareholding of the existing shareholders of the Company; and (iii) in the event that the 2021 Convertible Bonds are converted into new shares, the Company can improve its capital base, benefiting the long-term development of the Company.

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

Reference is made to the announcements of the Company dated May 25, 2021 and June 1, 2021, respectively. On June 1, 2021, the Company completed the placing of a total of 156,000,000 new shares of the Company (the “**Placing**”). The last closing share price of the shares of the Company as quoted on the Stock Exchange on the trading day on which the placing agreement was signed (i.e. May 24, 2021) was HK\$16.06 per share, and the placing price was HK\$15.00 per share. The gross proceeds from the Placing were approximately HK\$2,340.0 million. The net proceeds from the Placing were approximately HK\$2,315.6 million. For more information on the use of such net proceeds, see “Use of Proceeds from Top-up Placing, Issue of the 2020 Convertible Bonds, Placing and Issue of the 2021 Convertible Bonds” below.

The new shares were placed to not less than six professional investors who, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, together with their respective ultimate beneficial owners, are independent third parties. None of the placees and their ultimate beneficial owners become a substantial shareholder of the Company as a result of the Placing. The Placing was undertaken to strengthen the Company's financial position and supplement the Group's long term funding of its expansion and growth plan. The intended use of proceeds was in line with the Company's strategic focus on enhancing its technological advantages and strengthening its leadership in targeted marketing. The Directors consider that the Placing will also provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company.

USE OF PROCEEDS FROM TOP-UP PLACING, ISSUE OF THE 2020 CONVERTIBLE BONDS, PLACING AND ISSUE OF THE 2021 CONVERTIBLE BONDS

In August 2019, the Company complete the top-up placing of 255,000,000 new shares and raised net proceeds of approximately HK\$1,157.1 million. As of June 30, 2021, the Company had utilized approximately HK\$1,026.1 million as intended. The Company will apply the remaining net proceeds for the purposes as disclosed in the announcement of the Company dated July 26, 2019. The Company intends to fully utilize the net proceeds by December 31, 2021.

In May 2020, the Bond Issuer completed the issue of convertible bonds (the “**2020 Convertible Bonds**”), and raised net proceeds of approximately US\$146.6 million. As of June 30, 2021, the Company had not utilized such proceeds. The Company will apply the net proceeds for the purposes as disclosed in the announcement of the Company dated May 7, 2020. The Company intends to fully utilize the net proceeds by December 31, 2021.

In June 2021, the Company completed the placing of 156,000,000 new shares and raised net proceeds of approximately HK\$2,315.6 million. As of June 30, 2021, the Company had not utilized such proceeds. As disclosed in the announcement of the Company dated May 25, 2021, the Company will apply the net proceeds for improving the Group's comprehensive research and development capabilities, upgrading the Group's marketing system, supplementing capital for potential strategic investment and merger and acquisition and working capital and general corporate purposes. The Company intends to fully utilize the net proceeds by December 31, 2023.

In June 2021, the Bond Issuer completed the issue of the 2021 Convertible Bonds and raised net proceeds of approximately US\$293.6 million. As of June 30, 2021, the Company had not utilized such proceeds. As disclosed in the announcement of the Company dated May 25, 2021, the Company will apply the net proceeds for improving the Group's comprehensive research and development capabilities, upgrading the Group's marketing system, supplementing working capital and general corporate purposes. The Company intends to fully utilize the net proceeds by December 31, 2023.

INTERIM DIVIDEND

The Board did not declare any interim dividend for the six months ended June 30, 2021.

CORPORATE GOVERNANCE

The Group is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and enhance its value and accountability. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) (the “**Corporate Governance Code**”).

During the six months ended June 30, 2021, the Company has complied with all the applicable code provisions under the Corporate Governance Code with the exception for the deviation from code provision A.2.1 of the Corporate Governance Code.

Code provision A.2.1 of the Corporate Governance Code requires that the roles of chairman of the board of directors and chief executive officer should be separate and should not be performed by the same individual. Mr. SUN Taoyong is the Chairman of the Board and chief executive officer of the Company. Throughout the business history of the Company, Mr. SUN Taoyong has been the key leadership figure of the Group, who has been primarily involved in the strategic development, overall operational management and major decision making of the Group. Taking into account the continuation of the implementation of the Company’s business plans, the Directors consider that at the current stage of development of the Group, vesting the roles of both Chairman of the Board and the chief executive officer in Mr. SUN Taoyong is beneficial and in the interests of the Company and its shareholders as a whole. The Board will review the current structure from time to time and shall make necessary changes when appropriate and inform the shareholders accordingly.

The Group will continue to review and monitor its corporate governance practices in order to ensure the compliance with the Corporate Governance Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. Specific enquiry has been made to all Directors and each of the Directors has confirmed that he has complied with the required standards as set out in the Model Code during the six months ended June 30, 2021.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six month ended June 30, 2021.

AUDIT COMMITTEE

The Board has established the Audit Committee (the “**Audit Committee**”), comprising of three independent non-executive Directors, namely, Mr. TANG Wei (Chairman), Mr. SUN Mingchun and Mr. LI Xufu. The primary duties of the Audit Committee are to review and supervise our Company's financial reporting process, risk management and internal controls.

The Audit Committee has reviewed the accounting policies adopted by the Company with the management. They also discussed risk management, internal controls of the Group and financial reporting matters, including having reviewed and agreed to the unaudited interim condensed consolidated financial statements for the period under review.

PUBLICATION OF INTERIM RESULTS AND 2021 INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.weimob.com). The interim report of the Company for the six months ended June 30, 2021 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board
Weimob Inc.
SUN Taoyong
Chairman of the Board and Chief Executive Officer

Shanghai, the PRC
August 16, 2021

As at the date of this announcement, the Board comprises Mr. SUN Taoyong, Mr. FANG Tongshu, Mr. YOU Fengchun and Mr. HUANG Junwei as executive Directors; and Mr. SUN Mingchun, Mr. LI Xufu and Mr. TANG Wei as independent non-executive Directors.

* *For identification purpose only*